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Credit, Credit Everywhere . . .

What consumers may not be aware of is that insurance companies are increasingly using credit scores and other credit information to make decisions regarding individual insurance policies.

Does Credit History = Insurance Risk?

Go no farther than your mailbox or local college campus kiosk and you will witness the pervasiveness of the credit industry in the United States. Along with the overall growth in the credit industry, credit-scoring models have become an integral part of the financial system and have been used extensively since the 1990s. According to *BusinessWeek*, approximately 70 percent of the home loans issued since that time and nearly all of the $1.7 trillion in credit card, auto, and personal loans outstanding used a consumer's credit score to determine how much to lend and at what rate of interest. A credit score is a number deduced from various combinations of elements of an individual's financial information using a mathematical formula, or credit-scoring model. Such scores are then used to group consumers into categories of risk for purposes of making a variety of financial decisions.

The financial industry and consumers alike have generally embraced the use of credit scores in lending; most consumers are aware that when it comes to borrowing, credit history has a great impact on their ability to borrow and its cost. What consumers may not be aware of is that insurance companies are increasingly using credit scores and other credit information to make decisions regarding individual insurance policies.

One obstacle to addressing the use of credit information in insurance is making clear sense of the variety of terminology that is used in the discussion. In the broadest sense, a person's financial information includes residency, employment, income, family situation, payment practices, and credit information. Although insurers may consider attributes of a person's broader financial information to make insurance determinations as permitted by law, the recent debate has largely been based more narrowly on an insurer's use of a person's credit information or on particular applications of that information such as credit scoring. Here are the definitions of several terms as they are used in this report:

Credit information is a person's history of financial borrowing practices which includes the use of credit cards or other credit lines, loans, mortgage lending, auto finance, and the consumer's management of those accounts. Credit information may also be referred to as credit, credit history, credit file, credit report, consumer report, or consumer information, among other terms.

Credit scoring in insurance is the process of determining a numerical representation of a person's insurance risk using attributes of the person's credit information in a model designed to actuarially or statistically assess insurance risk. Credit scores in insurance may also be referred to as insurance credit score, insurance score, credit rating, or consumer credit rating, among other terms.

A credit-scoring model is the model or methodology used to mathematically derive credit scores. Credit-scoring models can be designed in a wide variety of ways with varying composition. Models used by insurers include those designed by credit reporting agencies, third-party modeling companies, or the insurers themselves.

Insurers' burgeoning use of credit information and the concerns raised by opponents have many lawmakers across the country facing the debate on whether, and if so how, insurers should be permitted to use credit information to make coverage decisions. Interested parties have initiated discourse on the validity of suggested correlations between credit information and insurance risk; on the use of a person's credit information, without consideration of the validity of suggested correlations; on the use of certain individual attributes of that information; and, specifically, on the use of certain applications of that information such as credit scoring. This report is presented to provide guidance on these issues including the mechanics of credit-score modeling, what opponents and proponents have to say, what Texas faces, and what other states are doing.

How Credit-Scoring Models Work and How Insurers Use Them

Historically, insurers have used a broad spectrum of risk factors when deciding whether to offer a consumer an insurance policy and what rate to charge that particular consumer. The National Conference of State Legislatures (NCSL) explains that insurance laws in all states prohibit unfair discrimination, meaning insurers are prohibited from using risk factors such as race, religion, and national origin regardless of loss trends associated with such groups. The use of other factors such as bankruptcy, a poor driving record, age, sex, or marital status is deemed, with actuarial support, acceptable in certain cases - for example, in auto insurance.

Credit information is used by insurers in three basic ways: to determine whether to write a policy upon a consumer's initial application (applicant underwriting); to determine whether to renew an existing policy (policyholder underwriting - renewal/cancellation); and to determine what rate to charge a consumer (rating). The ways in which an insurer uses a credit score and the criteria used to derive that score from a consumer's credit information vary significantly within the personal lines market; from insurer to insurer and from model to model.

Based on several credit-scoring models, as reviewed by the Texas Department of Insurance (TDI), the following is a list of the most common categories used as factors in determining credit scores:

- Number of credit inquiries
- Number of open or active credit accounts
- Credit account balances and available credit
- Age of credit accounts
- Most recent credit account
- Delinquencies (late payments, over limit, etc.)
- Derogatory records (bankruptcy, repossession, collection agency referral, etc.)

The many variables are not always used in the same way in each model. Models differ by the number of variables used as well as the weight or significance given to a particular variable, expressed in a coefficient used to calculate the resulting score. Minor variables may be a favorable factor in one model and an adverse factor in another model. Some variables may be dependent upon another variable, such that the effect of those particular variables, either adverse or favorable, is determined by how the two factors interact. With such complex variations, consumers may find it difficult to determine what would improve the score used by their insurer in making policy coverage decisions. For the purposes of demonstration, here is how a very simple model might work:

Variable	Value x Coefficient	Score
Number of credit inquiries	value x inquiry coefficient	150
Ratio of balances to available credit	value x balance coefficient	100
Age of account	value x age coefficient	195
Records of delinquencies	value x delinquencies coefficient	240
	Total Score =	685

This calculated score would fall within a set score range, which in the example above is 0 to 1,000. Insurers then group consumers by score range and assign, according to that grouping, a category for rating or underwriting purposes. A hypothetical categorization might look like the following: 0 – 500 poor risk; 500 – 700 average risk; and 700 – 1000 excellent risk. In the hypothetical example shown above, the consumer's credit score of 685 would result in a grouping in the average risk category. The consumer's insurer would then weigh that categorical grouping among the myriad of other risk factors considered in its underwriting or rating decisions. The use of credit information by insurers is not, however, confined to the use of credit scores. Some insurers use underwriting or rating guidelines based on related financial information such as financial stability, residential stability, employment stability, and payment history but do not use a consumer's credit score.

As for the consumer's experience, TDI points out that with respect to the use of credit information in rating, some consumers will pay more than they would have had the credit information not been used, while other consumers will pay less. Irrespective of insurers' use in rating, consumers also may see a rate impact when credit information is used in underwriting. Consumers may be assigned to a higher rate or lower rate insurer within a company's group of insurers based on credit information.

What Proponents and Opponents Say

Many view the use of credit information in insurance issue as an urgent public policy concern because of the breadth of the impact on consumers. Home and car owners are almost always required to carry insurance coverage, either by law or through the business practice of mortgage lending.

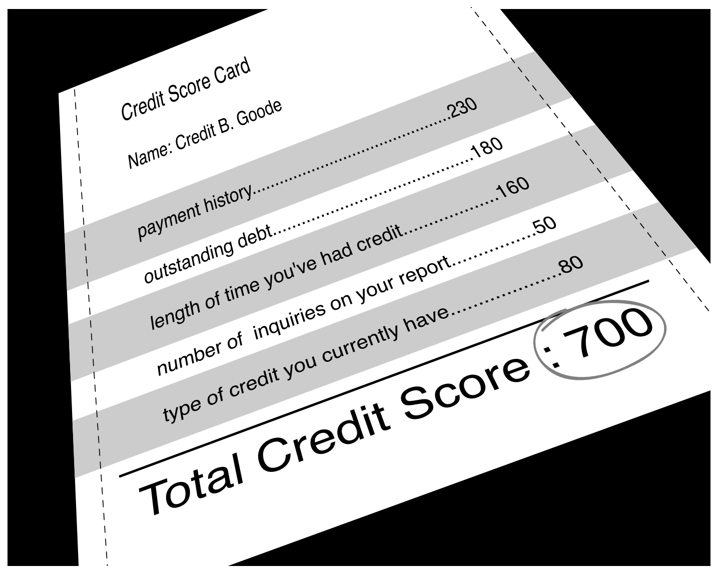
Proponents of the use of credit information in insurance contend that there is a strong correlation between credit information and the number and cost of claims filed on an insurance policy, and that using such information allows insurers to more accurately predict risk. In a January 6, 2003, *Austin American-Statesman* article, Sandra Ray of the Southwestern Insurance Information Service highlighted two theories supported by studies of the issue: one, that financial pressures bring increased levels of stress; and two, that financial difficulties may indicate a tendency toward risk-taking behavior. Either of these, she contends, could indicate a higher likelihood of losses. Proponents suggest that if using such predictors helps to more accurately assign an appropriate classification or rate for a given risk, insurance rates will be more fair and equitable for the market as a whole fostering competition to serve consumers.

Opponents of the use of credit information by insurers argue that studies demonstrating the correlation are industry biased and that the condition of a person's financial history has no relation to whether that person will file an insurance claim on their home or car. Others opponents concede the correlation between poor credit and insurance losses but contend that using credit information in insurance is unfair economic discrimination and that it should be prohibited on those grounds. They point out that other risk factors, such as race, are prohibited because they are unfairly discriminatory.

Additionally, opponents of the use of credit information by insurers argue that such use is discriminatory because it may disproportionately impact women, minorities, and those with low income, asserting that these groups are more likely than others to have no credit history or poor credit history. These opponents suggest that the use of credit information in insurance is antithetical to several guiding principles of risk classification including: fairness; promoting measurable loss prevention and beneficial competition; expanding availability; and having a basis in systems that are clear and understandable to consumers.

Many have also expressed concern that a consumer's credit score and resulting insurance decisions may be unduly affected by credit information that is not available or that has not been established by the consumer. For example, a consumer who has no credit history because they have chosen not to use credit might suffer adverse insurance decisions based on a poor score in the consumer's credit report resulting from those choices.

Another concern raised is that many consumers are unaware that their credit information is being used by insurers, of how it is being used, or of the impact of such use. Opponents argue that when consumers are informed of such use in conjunction with an unfavorable action against their insurance coverage, such as rate increase or cancellation, the information provided by the insurer regarding the reasons for that action is often insufficient for a consumer to determine how and why the insurer made its decision. These opponents believe that consumers should be protected from the potentially unfair practices that are in many cases out of the sight and reach of regulators, and be made fully aware of the information used to make important insurance determinations.



In the final analysis, the critical issues facing legislators in this credit-scoring debate include how to ensure the accuracy of the information used, protect the privacy of the consumer, and safeguard the availability and affordability of insurance products. Each of those issues could be impacted by regulation of any segment of the involved parties: from credit reporting agencies; to third-party credit-score-modeling companies; to insurer groups and their affiliates; to agents; to consumers. Should the use of credit information in insurance be fully prohibited, limited to underwriting, limited to rating, or authorized for both? Would certain regulatory approaches, more so than others, create a risk of diminished availability of an essential insurance product? If credit scoring in insurance is permitted, are the models used by insurers considered public information or protected trade secrets? Should consumers have the right to know what attribute of their credit information is affecting their ability to obtain more favorable rates or terms of coverage, giving them an opportunity to shop for more favorable rates or terms? Legislators this session may be confronted with these and other questions, while working to rescue a struggling Texas insurance market.

What Texas Faces

Currently, Texas law does not specifically prohibit the use of credit information in insurance. There are, however, some consumer protection provisions in law that have a bearing on how the information can be used. Insurers subject to Texas' benchmark system are not permitted to use credit scoring in rating. The use of credit information for underwriting, however, is not currently prohibited in Texas. Rates used by insurers subject to the benchmark system differ according to the classification of the particular home or driver. Within this system, insurers generally may use only the classifications laid out in the homeowners and automobile rating manuals approved by the commissioner of insurance. The classifications in the manuals do not include any provisions permitting the use of credit scores.

However, most homeowners and many auto owners in Texas are insured by companies not subject to rate regulation. Lloyds, reciprocal exchanges, and county mutual insurance companies are all presently not subject to the benchmark rate system. According to TDI, nine of the ten largest groups writing private passenger automobile insurance use credit information in their underwriting. In residential property coverage, 75 percent of the insurers writing this coverage use credit information in underwriting, rating, or both. According to TDI figures, at the end of 2001 (before rate increases in the homeowners market in 2002) there were over 3 million homeowners' policies totaling over $3.5 billion in premiums; there were over 11.5 million private passenger automobiles with liability insurance and all auto coverage premiums in Texas totaled over $9 billion.

The number of consumer complaints received by TDI relating to the use of credit information in insurance has risen over the past three years. Complaints regarding the use of credit information in homeowners' coverage have increased from 17 in 2000, to 88 in 2001, to 227 in 2002. Complaints regarding the use of credit information in auto coverage have increased from 25 in 2000, to 60 in 2001, to 248 in 2002.

State officials took action last summer to address, in part, issues relating to the use of credit information in homeowners' insurance. In August 2002, then-Attorney General John Cornyn filed suit against Farmers Insurance Exchange and Fire Insurance Exchange (Farmers) on behalf of Commissioner of Insurance Jose Montemayor and the State of Texas. The suit sought to enjoin various alleged illegal practices including Farmers' failure to consistently provide discounts based on credit information indicated by Farmers' own data and failure to adequately notify customers in writing that their credit information affects their premiums and their ability to renew their policies. Later that month, Montemayor issued a cease and desist order citing, among other violations, Farmers' failure to consistently provide discounts cited in the company's policyholder information in 15 of their 26 credit-scoring categories, effectively overcharging some policyholders. Although Farmers announced that it would completely withdraw from Texas markets following those actions by the state, in late November it reached a settlement agreement with TDI and the Office of the Attorney General resulting in an award of $100 million in combined savings and restitution owed to Texas consumers, effectively ending the lawsuit and administrative actions that were initiated against the company. TDI is continuing its investigation into the insurance practices of other carriers with regard to the sale of homeowners' insurance in Texas.

With respect to notification, the federal Fair Credit Reporting Act (FCRA) (15 USC Sec. 1681 et seq.) requires insurers to make certain disclosures to policyholders in relation to actions taken based, in whole or in part, on information contained in a credit report. To remind insurers of those obligations, Montemayor outlined the Federal Trade Commission's statements on the use of credit information by insurers:

> *The Federal Trade Commission has stated that an insurer may obtain a consumer (credit) report if it intends to use the information in connection with the underwriting of insurance, which may include whether or not to issue a policy, the amount and terms of coverage, the duration of the policy, the rates or fees charged, or whether or not to renew or cancel a policy. Any action based on that report that is adverse to the interests of the consumer triggers the notice requirements contained in Sec. 615 of FCRA. These notice requirements, which must be given orally, in writing, or electronically, essentially include: notice of the adverse action to the consumer; the name, address, and telephone number of the consumer reporting agency that furnished the report; a statement that the consumer reporting agency did not take the adverse action so it is unable to furnish the reasons why the adverse action occurred; the consumer's right to obtain a free consumer report within 60 days of receiving notice of the adverse action, and the consumer's right to dispute the completeness and accuracy of the consumer report. (from Commissioner's Bulletin B-0049-02, August 23, 2002)*

TDI reiterated its position on the issue in its 2003 biennial report to the legislature. TDI reported that, ultimately, it "received no information that independently verifies the reliability and accuracy of the models" used to derive credit scores used in insurance, and that TDI" believes it is noteworthy that correlation does not necessarily mean causation." TDI suggested the following legislative actions:

- ★ Authorize the commissioner to define how and when an insurer may use credit scores in underwriting and rating risks for personal insurance lines;
- ★ Require insurers to file their credit-scoring models along with actuarial justification prior to use;
- ★ Prohibit insurers from using credit scoring in a manner that adversely affects persons with no credit history or persons whose history reflects a decline due solely to a catastrophic event;
- ★ Prohibit insurers from using credit scores as a sole factor in rating;
- ★ Provide a means for a consumer to appeal an adverse determination based on a credit score; and
- ★ Require insurers to re-rate a policy in the event of erroneous credit information.

Legislation Filed in Texas

As of mid-January, nine bills on the use of credit information in insurance had been filed by Texas legislators for consideration by the 78th Legislature; three in the Senate and six in the House of Representatives. The chart on pages 6 and 7 highlights some of the major provisions of the bills.

What Other States Have Done

According to NCSL, in 2001, 31 states had some provisions in law pertaining to the use of credit information in insurance underwriting, eight of which included some form of prohibition of use. Since then, many states have been active on the issue, with legislation being introduced in over 30 states in the 2001-2002 sessions. Among those states, 11 passed bills regulating the use of credit information in insurance. Below are a few highlights illustrating different approaches to the issue of the use of credit scoring in insurance.

■ **Arizona.** Arizona's H.B. 2386 (2002) establishes disclosure requirements for providing consumers with any information regarding the use of a credit score or insurance score for insurance underwriting purposes.

■ **Colorado.** Instead of regulating an insurer's use of a consumer's credit information, Colorado's H.B. 1153 (2002) regulates the credit report itself and the agency that collects and reports that consumer's information by requiring the agency to assure the accuracy of the information contained in a consumer credit report. This bill also prohibits credit reporting agencies from furnishing a record of inquiries in connection with a credit or insurance transaction that is not initiated by the consumer.

■ **Idaho.** Idaho's S.B. 1408 (2002) establishes the threshold for acceptable use of credit information in certain insurance determinations by prohibiting an insurer from charging a higher premium or canceling a policy or coverage "based primarily" upon an individual's credit rating or credit history for certain property and casualty insurance used primarily for personal family or household purposes.

■ **Maryland.** Maryland's H.B. 521 (2002) limits the use of credit information in insurance determinations with respect to both homeowners' coverage and private passenger automobile coverage. With respect to private passenger automobile insurance, the bill, however, authorizes insurers that rate new policies based, in whole or in part, on the credit history of the applicant to provide, if actuarially justified, a discount of up to 40 percent or impose a surcharge of up to 40 percent for a period of two years after the effective date of the bill. H.B. 521 also calls for a study by Maryland's insurance commissioner on whether the use of credit scoring in the state has an adverse impact on any demographic group defined by race or socio-economic status.

■ **Minnesota.** Minnesota's S.F. 2363 (2002) applies to both homeowners coverage and private passenger automobile coverage, prohibits certain insurance determinations from being made solely on the basis of a consumer's credit information, and sets forth provisions for the acceptable use of credit information and associated disclosure requirements. This bill also requires insurers to file their credit-scoring methodology with the commissioner of commerce.

■ **Nebraska.** Nebraska's L.B. 4444 (2001) addresses concerns regarding discrimination in rating territories and credit scoring by requiring, with respect to private passenger automobile liability policies, a disclosure showing the location used to determine the rate charged and if any credit-based rating was used to determine the rate charged.

■ **Rhode Island.** Rhode Island's H.B. 8027 (2002) sets forth the conditions for use, including demonstration of the predictive nature of insurance scoring to the insurance division; requires updates of the insurance score upon request by the consumer; prohibits insurers from declining new customers or increasing rates based solely on a worsening insurance score, except under certain conditions; establishes guidelines for corrective action in the case of inaccurate or incorrect information; and requires agents to be held harmless by insurers for all acts, efforts, and disclosures in obtaining an insurance score.

■ **Washington.** Washington's H.B. 2544 (2002) authorizes insurers to use credit history to deny personal insurance only in combination with other substantial underwriting factors and prohibits insurers from denying insurance based on the absence of credit history or from using the number of credit inquiries, an initial purchase or finance of a home or vehicle, or the consumer's use of a particular type of credit, charge, or debit card. H.B. 2544 also regulates the insurer's use of credit history to place an individual with a more expensive or less favorable affiliate and calls for a study of the issue of credit history in personal insurance underwriting and rating.

—by Jeremiah Jarrell, SRC

Bill	Line of Insurance	Insurer determinations affected	Prohibited Uses	Acceptable Uses/Disclosure	Other
SB 91 (West)	Personal auto; homeowners or farm and ranch owners; farm and ranch; and residential fire and allied lines	Underwriting, rating, and renewal/cancellation	Prohibits insurers from: refusing to underwrite; canceling or nonrenewing; rating a risk; or requiring a particular payment plan based, in whole or in part, on the credit history or credit score of an applicant for insurance coverage.	N/A	Requires TDI to conduct an interim study.
SB 99 (Van de Putte)	Personal auto; homeowners or farm and ranch owners; farm and ranch; and residential fire and allied lines	Underwriting and renewal/cancellation	Prohibits insurers from using an underwriting guideline that is based, in whole or in part, on a credit report or credit score; applies to an applicant or any other person who would be insured under the policy.	Prohibition does not apply to the use to determine whether the insurer will offer an installment plan for payment of premiums.	
SB 130 (Fraser)	Personal auto or residential property	Underwriting, rating, and renewal/cancellation	Prohibits insurers from: rejecting, canceling, or nonrenewing a personal auto or residential property insurance policy solely on the basis of a credit score; using disputed credit information in determining a credit score; using the fact that a person has little or no credit history as the sole factor in determining whether to issue a policy; using collection information relating to medical expenses in the determination of a credit score; using credit information that is arbitrary, capricious, or unfairly discriminatory; using insurance credit scoring or a scoring methodology that incorporates the race, color, religion, national origin, or gender of an insured or applicant; using insurance inquiries or non-consumer-initiated credit inquiries as part of the insurance credit-scoring process.	Requires an insurer: on request of an insured or applicant, to provide specific reasons for adverse actions; to require its agents to disclose to its customers that credit information will be obtained and used as part of the insurance credit-scoring process; to file with the commissioner the insurer's insurance credit-scoring models or methodologies for residential property and personal auto insurance if that insurer uses insurance credit scoring, in whole or in part, in deciding whether to take certain actions.	Provides that a credit-scoring model filed with the commissioner is confidential trade secret information. Sets forth provisions for right to appeal an adverse action by the insurer on the basis of catastrophic illness or injury, temporary loss of employment, death of an immediate family member, or any other grounds as determined by the commissioner by rule.
HB 45 (Sylvester Turner)	Personal auto; homeowners or farm and ranch owners; and standard fire insurance for dwellings or their contents	Underwriting and renewal/cancellation	Prohibits insurers from using an underwriting guideline that is based, in whole or in part, on the credit history or credit rating of any person.	Prohibition does not apply to the use of a credit history or credit rating by an insurer solely to determine whether the insurer will offer an installment payment plan for the payment of premiums.	
HB 81 (Wise)	Personal auto; homeowners or farm and ranch owners; and standard fire insurance for dwellings or their contents	Underwriting	Prohibits insurers from making an underwriting decision based, in whole or in part, on a credit report.	Prohibition does not prohibit an insurer from refusing to allow premium payment in installments for a person whose failure to pay premiums for an insurance policy caused a lapse in that policy during the two years preceding the date on which the request to pay premiums in installments is made.	
HB 115 (Burnam)	Personal auto; homeowners or farm and ranch owners; and fire and allied lines or farm and ranch	Underwriting and renewal/cancellation	Prohibits insurers from using an underwriting guideline that is based, in whole or in part, on the credit report or insurance credit score of an applicant or any person who would be insured under the policy.	Prohibition does not apply to the use of a credit report or insurance credit score by an insurer solely to determine whether the insurer will offer an installment payment plan for the payment of premiums.	

Bill	Line of Insurance	Insurer determinations affected	Prohibited Uses	Acceptable Uses/Disclosure	Other
HB 259 (Riddle)	Personal auto; homeowners or farm and ranch owners; farm and ranch; and residential fire and allied lines	Underwriting and renewal/cancellation	Prohibits insurers from using any credit-scoring model, method, or program until it has been filed with TDI and approved by the commissioner.	Requires an insurer: to file with TDI any credit-scoring model, method, or program used by the insurer in determining underwriting guidelines for insurance coverage subject to this bill; to provide sufficient information in the filing to substantiate the relevance of the model to the risks associated with the underwriting of the insurance. Authorizes the model, method, or program to use any information that produces relevant statistics. Requires the commissioner, not later than the 30th day after the date the insurer files the information, to either approve or disapprove the filing and give written notice of the decision to the insurer.	Provides that information submitted by an insurer under this bill is public information.
HB 265 (Thompson)	Personal auto or residential property	Underwriting, rating, and renewal/cancellation	Prohibits insurers from: canceling, nonrenewing, or refusing to insure a consumer based solely on information contained in a consumer report; using information contained in a consumer report that has been identified in the consumer report by the consumer reporting agency as disputed by the consumer and coded as such; using information contained in a consumer report that has been identified in the consumer report by the consumer reporting agency as related to medical trade lines and coded as such; or disclosing an applicant's or an insured's personally-identifiable consumer report information to any nonaffiliated third party without the written consent of the applicant or insured. Provides that offering to write a policy with substantially identical coverage through an affiliate does not constitute a refusal to insure or a cancellation or nonrenewal of insurance coverage. Prohibits insurers from using the absence of a credit history or the inability to determine an applicant's or insured's credit history as a factor in underwriting or rating an insurance policy unless the insurer has statistical, actuarial, or reasonable underwriting information that is reasonably related to actual or anticipated loss experience and that shows that the absence of credit history could result in actual or anticipated loss differences.	Authorizes an insurer subject to this bill to use credit scoring to develop rates, rating classifications, or underwriting criteria regarding lines of insurance subject to this bill, with certain exceptions. Requires an insurer that uses credit scoring in the underwriting or rating of insurance to disclose to each applicant that the applicant's consumer report may be used in the underwriting or rating of the applicant's policy. Provides that an insurer is not required to make this disclosure on any subsequent renewal of the coverage. Requires an insurer, on written request of TDI, to file with TDI information on how the insurer uses consumer reports in the underwriting or rating of lines of insurance subject to this subchapter. Requires the insurer, if an insurer takes an adverse action based, in whole or in part, on information contained in a consumer report, to provide to the applicant or insured an explanation of reasons for the adverse action. Authorizes an insured, under certain conditions, to request that the insurer reevaluate the insurer's action based on corrected consumer report information from a consumer reporting agency. Requires the insurer, if the reevaluation results in a lower premium charge to the insured, to apply the lower premium retroactively.	Provides that information submitted to TDI under this article is confidential information and may not be released by TDI without written authorization by the insurer. Authorizes an insurer, on written request from an applicant or insured, to provide reasonable exceptions to the insurer's rates, rating classifications, or underwriting rules for a consumer whose credit information has been directly influenced by a catastrophic illness or injury, the death of a spouse, or another event of a similar nature. Provides that, in such a case, the insurer may consider only the credit information not affected by the event or must assign a neutral credit score.
HB 331 (Hochberg)	Personal auto; homeowners or farm and ranch owners; farm and ranch; and residential fire and allied lines	Underwriting, rating, and renewal/cancellation	Prohibits an insurer from refusing to underwrite, canceling, nonrenewing, or rating a risk in any manner based, in whole or in part, on the credit report or credit score of an applicant for insurance coverage.	Prohibition does not apply to an insurer requiring a policyholder to make payments under a payment plan based, in whole or in part, on the credit report of the policyholder if the insurer has reasonable grounds.	

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